

## INTELLIGENCE INFORMATION REPORT

DIRECTORATE OF  
OPERATIONS

C-O-N-F-I-D-E-N-T-I-A-L

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COUNTRY USSR

SUBJECT Soviet Science Policy/Financing  
Research and Development

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REFERENCES

DATE OF INFO. November 1973

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1. Vladimir I Maslennikov, Researcher, Institute of the USA, substituted for Ye Ye Grishayev, head of the State Committee for Science and Technology's (GVVT) Finance Department, as the Soviet representative to subgroup II (financing research and development) sessions at the meeting of the Joint US/USSR Working Group on Science Policy, held in the US 19-21 November 1973. Grishayev did not attend because of a heart condition; however, he will remain as the permanent chairman of the Soviet counterpart of subgroup II and will be in charge of submitting and exchanging information in the area of its competence.
2. At first, Maslennikov seemed ultra-cautious in refusing to promise financial data on fields of science or ministries, which, he said, are not collected. Furthermore, he could not specify exactly what the Soviets did have since, though he had studied the financing of R&D in the US, he was not familiar with Soviet data. US Sovietologists in the subgroup countered by citing Soviet articles indicating the existence of such data bases and it was pointed out that little was to be gained in the scientific information exchange program by merely exchanging already published statistical information. This impasse apparently brought Maslennikov around and he became quite agreeable thereafter. Both sides admitted that financial statistics in certain areas, such as fields of science, were inadequate in each country and were just beginning to be developed, but that both sides could produce more data than were being actually published. Accordingly, agreements on topics to be included in the financial data exchange proceeded rapidly, though qualified by the phrase "insofar as possible." The topics

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DIRECTORATE OF  
INTELLIGENCE

C-O-N-F-I-D-E-N-T-I-A-L

COUNTRY USSR

DCS REPORT NO. [REDACTED]

SUBJECT Finance Department USSR State Committee  
on Science & Technology: Main Activities  
Financing of R&D/13 Billion Rubles for  
R&D in 1971; 15 Billion in 1972; 17 Billion  
in 1973/Differences Between US and USSR.  
Expenditure Data/1,002,000 Scientists in  
R&D in 1971

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Supplement to [REDACTED]

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1. Mr Yevgeniy Ye Grishayev heads the Finance Department, which considers and prepares the budget for science and technology, including both construction of facilities and operations. The main activities of the department are financing R&D. Budgets cover all R&D in the country as part of the Five-Year Plan. Annual budgets are also prepared as steps toward the Five-Year Plan. There is no five-year financial plan, although there are estimates.
2. In calendar year 1971, about 13 billion Soviet rubles were allocated to the various institutions and Ministries for R&D. This includes capital investment as well as operating funds. No detailed distribution for 1972 or 1973 is yet available, but the total for each of these years is about 15 billion Soviet rubles for 1972 and 17 billion Soviet rubles for 1973 (calendar years). Annual quotas for overall R&D expenditures are developed by the Financing Department, the State Planning Committee (Gosplan) and the Finance Ministry. Taken into consideration in fixing the level are the total national budget, the profits from national enterprises, the tasks given to different R&D institutions, the scientific and technical base, including stock of available facilities and manpower, etc. The annual financial plan is based upon proposals submitted by the Ministries and Agencies, which are then allocated a funding level by the State Committee. Factors determining the amounts allocated include the key R&D problems being worked upon by an agency; i e, the 250 "problem" projects, the tasks of the Ministry or Agency involved, the available scientific or technical base and the manpower involved. Usually, Ministries ask for more than they can have and they usually agree to the limit proposed.
3. The annual financing plan is drawn up by the State Committee for Science and Technology based on coordination with the State Planning

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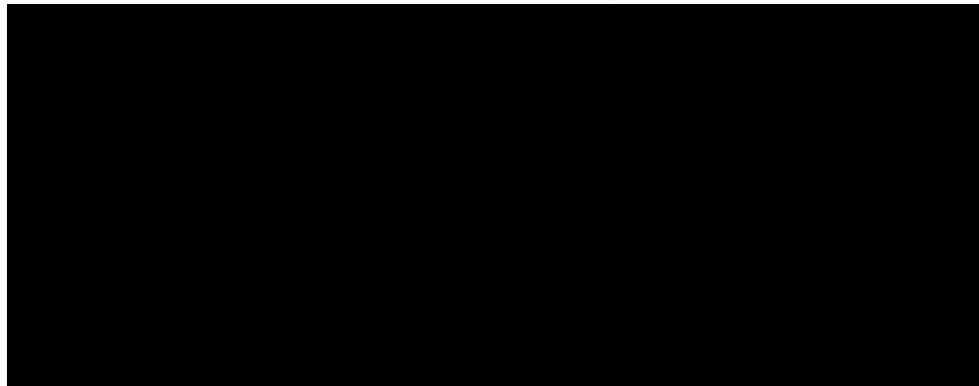
4. The National Plan includes the Academy of Science, which in turn has a special relationship with the sister Republic Academies. The USSR Academy budgets and allocates to the Republic Academies which are also part of the National Plan. A number of indices are developed for every Ministry. For example, the total volume of funding is derived from the wage fund which "regulates" the distribution of scientific manpower from resources "appointed" from the state budget and the income generated from the national enterprise. The State Committee distributes funds to the Agencies and Ministries. It holds a reserve of one or two per cent of the total, depending on the situation and demand, to "regulate" R&D throughout the year. This reserve is distributed for new R&D projects without waiting for the new budget.
5. Mr Grishayev noted the noncomparability of USSR expenditures data with that of the US. He notes that USSR data includes capital investment and research in all social sciences and humanities in the total. The USSR definition does not include development of prototypes which are a stage beyond the development activities of the research institutes. Prototype development is budgeted in the Ministries and national enterprises. The USSR does not distinguish normally between basic and applied research and development, considering that they represent a continuum scarcely separable. Furthermore, the salaries charged to R&D are quite different in the two countries. In the USSR 31 per cent of the R&D budget is paid in wages. The USSR wage budget for R&D is supplemented in the USSR by socialized consumption, with the expenditures appearing in other budget categories for such items as medical care, housing, transportation, entertainment, etc. Mr Grishayev suggests that the proper comparison of R&D effort in the two countries would better be expressed as the fraction of the national income devoted to "science" (R&D). Here, too, he notes differences in the concept of national income, in that USSR services are apparently computed at salary and wage costs (the differences are not entirely clear). With these limitations he provided some more precise figures of the USSR R&D effort.
6. In 1970, the total expenditure was 12,370 million Soviet rubles, or about 4.3 per cent of national income, including 1,560 million Soviet rubles for construction of facilities. Another 10.81 billion Soviet rubles went for R&D operating costs. About 65 per cent of this total came from the state budget, with the balance locally generated funds.
7. In 1971, the total R&D was 13,500 million Soviet rubles, or 4.4 per cent of national income. Of this total, 1.7 billion Soviet rubles were for construction of facilities, leaving a balance of 11.76 billion Soviet rubles for R&D operations, again 65 per cent from the state budget.
8. Preliminary 1972 budget estimates were 14.2 billion Soviet rubles, but actual expenditures were 14.8 billion Soviet rubles, representing, again, 4.4 per cent of national income. Construction of facilities accounts for 1.8 billion Soviet rubles and R&D 12.4 billion Soviet rubles, again 65 per cent from the state budget. (The distribution is apparently based upon the preliminary estimate.)
9. An approximation of the division between fundamental and applied research and development can be estimated on the basis of the budgets of the institutes. On this basis, Mr Grishayev estimates 14 per cent of the 1972 budget was for fundamental research, 22 per cent for applied research, and 64 per cent for development. In answer to a specific question, Mr Grishayev stated that all R&D in the Soviet Union is included in the above figures.

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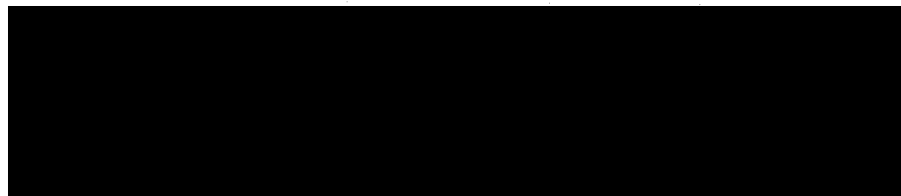
10. The 33 per cent of the total from locally generated sources is in accordance with the coordinated plan. Each quarter the Ministries report on expenditures for R&D and some apportionments are made quarterly. Monitoring occurs at the time of the annual report. The State Planning Committee (in consultation with the Ministry of Finance and the Foreign Ministry) maintains control of a special foreign exchange budget for equipment purchases abroad. Foreign currencies are not included in the R&D financing plan. It fluctuates in millions of rubles. The State Science and Technology Committee tries not to limit it.

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4. The information exchange program agreed to by all groups stipulated a three-phase schedule, the first phase encompassing exchange of questions to be asked and clarification of methodologies behind each country's data, the second phase, preparation and exchange of information requested, and the third phase, followup and comparative analysis. Actual quantitative from the Soviets will perhaps not be provided before mid-1975.



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